

HOUSE BILL No. 1385

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30-17-3.5; IC 22-12-1; IC 22-14-5; IC 36-8.

Synopsis: Firefighting equipment and grants. Eliminates the firefighting and emergency equipment revolving loan fund (loan fund) and creates the firefighting and emergency equipment grant fund (grant fund) administered by the office of the state fire marshal. Repeals the fire safety equipment revolving loan account (loan account) in the build Indiana fund. Releases the obligation of a loan recipient under the loan fund and the loan account to pay the remaining balance due on the principal plus interest of a loan. Transfers funds remaining in the loan fund to the grant fund. Transfers \$500,000 per month to the grant fund from the lottery and gaming surplus account in the build Indiana fund. Provides that a fire protection territory may establish a cumulative building and equipment fund.

Effective: July 1, 2003.

Bischoff

January 14, 2003, read first time and referred to Committee on Ways and Means.



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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1385

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-30-17-3.5, AS AMENDED BY P.L.186-2002,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2003]: Sec. 3.5. (a) Before the twenty-fifth day of the month,
4 the auditor of state shall transfer from the build Indiana fund to the
5 state general fund motor vehicle excise tax replacement account
6 nineteen million six hundred eighty-four thousand three hundred
7 seventy dollars (\$19,684,370) per month.
8 (b) This subsection applies only if insufficient money is available in
9 the build Indiana fund to make the distributions to the state general
10 fund motor vehicle excise tax replacement account that are required
11 under subsection (a). Before the twenty-fifth day of each month, the
12 auditor of state shall transfer from the state general fund to the state
13 general fund motor vehicle excise tax replacement account the
14 difference between:
15 (1) the amount that subsection (a) requires the auditor of state to
16 distribute from the build Indiana fund to the state general fund
17 motor vehicle excise tax replacement account; and



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(2) the amount that is available for distribution from the build Indiana fund to the state general fund motor vehicle excise tax replacement account.

The transfers required under this subsection are annually appropriated from the state general fund.

(c) After making the transfer required under subsection (a) and before the twenty-fifth day of each month, the auditor of state shall transfer monthly from the build Indiana fund to the firefighting and emergency equipment grant fund established by IC 22-14-5-1 five hundred thousand dollars (\$500,000).

SECTION 2. IC 22-12-1-13.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 13.5. "Fund" refers to the firefighting and emergency equipment grant fund established by IC 22-14-5-1.**

SECTION 3. IC 22-12-1-18.7, AS AMENDED BY P.L.1-1999, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 18.7. "Qualified entity" means:

- (1) a volunteer fire department (as defined in IC 36-8-12-2);
- (2) ~~the executive of a township providing fire protection under IC 36-8-13-3(a)(1);~~ **a paid fire department;** or
- (3) ~~a municipality providing fire protection to a township under IC 36-8-13-3(a)(2) or IC 36-8-13-3(a)(3);~~ **political subdivision (as defined in IC 36-1-2-13).**

SECTION 4. IC 22-14-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) The firefighting and emergency equipment ~~revolving loan grant~~ fund is established. The office shall administer the ~~revolving~~ fund. The ~~revolving~~ fund must be used for ~~the~~ purposes of:

- (1) providing ~~loans~~ **grants** for the purchase of new or used firefighting and other emergency equipment or apparatus under this chapter; and
- (2) paying the costs of administering this chapter.

(b) The ~~revolving~~ fund consists of:

- (1) amounts appropriated by the general assembly;
- (2) ~~the repayment proceeds (including interest) of loans made from the revolving fund;~~
- (3) ~~(2)~~ donations, grants, and money received from any other source; ~~and~~
- (4) ~~(3)~~ amounts that the department transfers to the ~~revolving~~ fund from the fire and building services fund; ~~and~~
- (4) **money transferred from the build Indiana fund under**

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1 **IC 4-30-17-3.5.**

2 (c) The treasurer of state shall invest the money in the ~~revolving~~
3 fund not currently needed to meet the obligations of the ~~revolving~~ fund
4 in the same manner as other public funds may be invested.

5 (d) Money in the ~~revolving~~ fund at the end of the fiscal year does
6 not revert to the state general fund.

7 (e) The ~~revolving~~ fund is subject to an annual audit by the state
8 board of accounts. The ~~revolving~~ fund shall pay all costs of the audit.

9 SECTION 5. IC 22-14-5-2 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. The commission
11 shall adopt rules under IC 4-22-2 to do the following:

12 (1) Establish the policies and procedures to be used by the
13 department in the administration of the ~~revolving~~ fund.

14 (2) Specify the information that must be submitted with a ~~loan~~
15 **grant** application.

16 (3) Adopt other rules under IC 4-22-2 that are needed to carry out
17 this chapter.

18 (4) Establish a ~~loan grant~~ priority rating system.

19 (5) Prescribe the forms to be used by the office in administering
20 the ~~revolving~~ fund.

21 (6) Prescribe the persons authorized to execute ~~loan grant~~
22 documents on behalf of a qualified entity.

23 SECTION 6. IC 22-14-5-3 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. The commission may
25 not require a qualified entity to provide money from other sources to
26 match the amount of a ~~loan grant~~ under this chapter.

27 SECTION 7. IC 22-14-5-6 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. (a) The office shall
29 do the following:

30 (1) Review and approve or disapprove applications for ~~loans~~
31 **grants** from the ~~revolving~~ fund.

32 (2) Establish the terms of ~~loans grants~~ from the ~~revolving~~ fund.

33 (3) ~~Manage Administer~~ the ~~loans grants~~.

34 (b) The office shall review applications for ~~loans grants~~ from the
35 ~~revolving~~ fund on December 1 and June 1.

36 (c) A properly completed application for a ~~loan grant~~ from the
37 ~~revolving~~ fund must be received by the office not later than:

38 (1) November 16 for the application to be eligible for review on
39 a December 1 review date; or

40 (2) May 17 for the application to be eligible for review on a June
41 1 review date.

42 (d) If the office receives a ~~loan grant~~ application after a deadline for

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receiving ~~loan grant~~ applications set forth in subsection (c), the office shall:

- (1) retain the ~~loan grant~~ application; and
- (2) review the application on the next review date.

SECTION 8. IC 22-14-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. The office may enter into contracts that are necessary for the administration of this chapter. ~~including contracts for the servicing of loans.~~

SECTION 9. IC 22-14-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. (a) The office shall assign a ~~loan grant~~ priority rating to each ~~loan grant~~ application under this chapter.

(b) The ~~loan grant~~ priority rating must be assigned in conformity with criteria adopted by the commission. The rating that is assigned must reflect the relative need of the qualified entity for the ~~loan grant~~.

(c) The office shall make ~~loans grants~~ available to qualified entities in descending order beginning with the qualified entity with the highest ~~loan grant~~ priority rating.

SECTION 10. IC 22-14-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. A ~~loan grant~~ under this chapter is subject to the following conditions:

- (1) The qualified entity may use the ~~loan grant~~ only for the purchase of new or used firefighting and other emergency equipment or apparatus and legal and other incidental expenses that are directly related to acquiring the equipment or apparatus.
- (2) ~~The repayment period may not exceed seven (7) years.~~
- (3) (2) The amount of the ~~loan grant~~ may not be less than ten thousand dollars (\$10,000).
- (4) ~~The interest rate is to be set by the board of finance at a rate that is not more than two percent (2%) below the prime bank lending rate prevailing at the time the loan is approved.~~
- (5) ~~All interest reverts to the revolving fund created by this chapter.~~
- (6) ~~The loan must be repaid in installments, including interest on the unpaid balance of the loan.~~
- (7) ~~The repayment of principal may be deferred for a period not to exceed two (2) years.~~
- (8) ~~The repayment of the loan may be limited to a specified revenue source of the qualified entity. If the repayment is limited, the repayment:~~
 - (A) ~~is not a general obligation of the qualified entity; and~~
 - (B) ~~is payable solely from the specified revenue source.~~



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(9) If prepayment of the loan is made, a penalty may not be charged.

(10) The office shall have a security interest in the purchased firefighting or other emergency equipment or apparatus for the balance of the loan, accrued interest, penalties, and collection expenses.

(3) The total amount of grants a qualified entity may receive within a four (4) year period may not exceed two hundred thousand dollars (\$200,000).

(H) (4) Any other conditions that the office considers appropriate.

SECTION 11. IC 22-14-5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 12. The making of the ~~loan grant~~ from the ~~revolving~~ fund does not constitute the lending of credit by the state for purposes of any other statute or the Constitution of the State of Indiana.

SECTION 12. IC 36-8-12-13, AS AMENDED BY P.L.1-1999, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. (a) A volunteer fire department may impose a charge on the owner of property, owner of a vehicle, or a responsible party (as defined in IC 13-11-2-191(d)) that is involved in a hazardous material or fuel spill or chemical or hazardous material related fire (as defined in IC 13-11-2-96(b)):

(1) that is responded to by the volunteer fire department; and

(2) that members of that volunteer fire department assisted in extinguishing, containing, or cleaning up.

(b) The volunteer fire department shall bill the owner or responsible party of the vehicle for the total dollar value of the assistance that was provided, with that value determined by a method that the state fire marshal shall establish under ~~IC 36-8-12-16~~. **section 16 of this chapter.** A copy of the fire incident report to the state fire marshal must accompany the bill. This billing must take place within thirty (30) days after the assistance was provided. The owner or responsible party shall remit payment directly to the governmental unit providing the service. Any money that is collected under this section may be:

(1) deposited in the township firefighting fund established in IC 36-8-13-4; **or**

~~(2) used to pay principal and interest on a loan under IC 22-14-5;~~
or

~~(3)~~ **(2)** used for the purchase of equipment, buildings, and property for firefighting, fire protection, and other emergency services.

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(c) The volunteer fire department may maintain a civil action to recover an unpaid charge that is imposed under subsection (a).

SECTION 13. IC 36-8-12-16, AS AMENDED BY P.L.240-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 16. (a) A volunteer fire department that provides service within a jurisdiction served by the department may establish a schedule of charges for the services that the department provides not to exceed the state fire marshal's recommended schedule for services. The volunteer fire department or its agent may collect a service charge according to this schedule from the owner of property that receives service if the following conditions are met:

(1) At the following times, the department gives notice under IC 5-3-1-4(d) in each political subdivision served by the department of the amount of the service charge for each service that the department provides:

(A) Before the schedule of service charges is initiated.

(B) When there is a change in the amount of a service charge.

(2) The property owner has not sent written notice to the department to refuse service by the department to the owner's property.

(3) The bill for payment of the service charge:

(A) is submitted to the property owner in writing **within not later than** thirty (30) days after the services are provided; and

(B) includes a copy of a fire incident report in the form prescribed by the state fire marshal, if the service was provided for an event that requires a fire incident report.

(b) A volunteer fire department shall use the revenue collected from the fire service charges under this section for:

(1) the purchase of equipment, buildings, and property for firefighting, fire protection, or other emergency services; **or**

(2) deposit in the township firefighting fund established under IC 36-8-13-4. ~~or~~

~~(3) to pay principal and interest on a loan under IC 22-14-5.~~

(c) If at least twenty-five percent (25%) of the money received by a volunteer fire department for providing fire protection or emergency services is received under one (1) or more contracts with one (1) or more political subdivisions (as defined in IC 34-6-2-110), the legislative body of a contracting political subdivision must approve the schedule of service charges established under subsection (a) before the schedule of service charges is initiated in that political subdivision.

(d) A volunteer fire department that:

(1) has contracted with a political subdivision to provide fire

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1 protection or emergency services; and

2 (2) charges for services under this section;

3 must submit a report to the legislative body of the political subdivision
4 before April 1 of each year indicating the amount of service charges
5 collected during the previous calendar year and how those funds have
6 been expended.

7 (e) The state fire marshal shall annually prepare and publish a
8 recommended schedule of service charges for fire protection services.

9 (f) The volunteer fire department or its agent may maintain a civil
10 action to recover an unpaid service charge under this section.

11 SECTION 14. IC 36-8-12-17, AS ADDED BY P.L.82-2001,
12 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2003]: Sec. 17. (a) If a political subdivision has not imposed
14 its own false alarm fee or service charge, a volunteer fire department
15 that provides service within the jurisdiction may establish a service
16 charge for responding to false alarms. The volunteer fire department
17 may collect the false alarm service charge from the owner of the
18 property if the volunteer fire department dispatches firefighting
19 apparatus or personnel to a building or premises in the township in
20 response to:

21 (1) an alarm caused by improper installation or improper
22 maintenance; or

23 (2) a drill or test, if the fire department is not previously notified
24 that the alarm is a drill or test.

25 However, if the owner of property that constitutes the owner's residence
26 establishes that the alarm is under a maintenance contract with an
27 alarm company and that the alarm company has been notified of the
28 improper installation or maintenance of the alarm, the alarm company
29 is liable for the payment of the fee or service charge.

30 (b) Before establishing a false alarm service charge, the volunteer
31 fire department must provide notice under IC 5-3-1-4(d) in each
32 political subdivision served by the department of the amount of the
33 false alarm service charge. The notice required by this subsection must
34 be given:

35 (1) before the false alarm service charge is initiated; and

36 (2) before a change in the amount of the false alarm service
37 charge.

38 (c) A volunteer fire department may not collect a false alarm service
39 charge from a property owner or alarm company unless the
40 department's bill for payment of the service charge:

41 (1) is submitted to the property owner in writing within thirty (30)
42 days after the false alarm; and

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(2) includes a copy of a fire incident report in the form prescribed by the state fire marshal.

(d) A volunteer fire department shall use the money collected from the false alarm service charge imposed under this section:

(1) for the purchase of equipment, buildings, and property for fire fighting, fire protection, or other emergency services; **or**

(2) for deposit in the township firefighting fund established under IC 36-8-13-4. ~~or~~

~~(3) to pay principal and interest on a loan under IC 22-14-5.~~

(e) If at least twenty-five percent (25%) of the money received by a volunteer fire department for providing fire protection or emergency services is received under one (1) or more contracts with one (1) or more political subdivisions (as defined in IC 34-6-2-110), the legislative body of a contracting political subdivision must approve the false alarm service charge established under subsection (a) before the service charge is initiated in that political subdivision.

(f) A volunteer fire department that:

(1) has contracted with a political subdivision to provide fire protection or emergency services; and

(2) imposes a false alarm service charge under this section;

must submit a report to the legislative body of the political subdivision before April 1 of each year indicating the amount of false alarm charges collected during the previous calendar year and how those funds have been expended.

(g) The volunteer fire department may maintain a civil action to recover unpaid false alarm service charges imposed under this section.

SECTION 15. IC 36-8-13-4, AS AMENDED BY P.L.82-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) Each township shall annually establish a township firefighting fund which is to be the exclusive fund used by the township for the payment of costs attributable to providing fire protection or emergency services under the methods prescribed in section 3 of this chapter and for no other purposes. The money in the fund may be paid out by the township executive with the consent of the township legislative body.

(b) Each township may levy, for each year, a tax for the township firefighting fund. Other than a township providing fire protection or emergency services or both to municipalities in the township under section 3(b) or 3(c) of this chapter, the tax levy is on all taxable real and personal property in the township outside the corporate boundaries of municipalities. Subject to the levy limitations contained in IC 6-1.1-18.5, the township levy is to be in an amount sufficient to pay

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all costs attributable to fire protection and emergency services that are not paid from other revenues available to the fund. The tax rate and levy shall be established in accordance with the procedures set forth in IC 6-1.1-17.

(c) In addition to the tax levy and service charges received under IC 36-8-12-13 and IC 36-8-12-16, the executive may accept donations to the township for the purpose of firefighting and other emergency services and shall place them in the fund, keeping an accurate record of the sums received. A person may also donate partial payment of any purchase of firefighting or other emergency services equipment made by the township.

(d) If a fire department serving a township dispatches fire apparatus or personnel to a building or premises in the township in response to:

(1) an alarm caused by improper installation or improper maintenance; or

(2) a drill or test, if the fire department is not previously notified that the alarm is a drill or test;

the township may impose a fee or service charge upon the owner of the property. However, if the owner of property that constitutes the owner's residence establishes that the alarm is under a maintenance contract with an alarm company and that the alarm company has been notified of the improper installation or maintenance of the alarm, the alarm company is liable for the payment of the fee or service charge.

(e) The amount of a fee or service charge imposed under subsection (d) shall be determined by the township legislative body. **Except as provided in IC 36-8-19-8(b)(3) for a township that is a participating unit in a fire protection territory**, all money received by the township from the fee or service charge must be deposited in the township's firefighting fund.

SECTION 16. IC 36-8-14-2, AS AMENDED BY P.L.140-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) As used in this section, "emergency medical services" has the meaning set forth in IC 16-18-2-110.

(b) As used in this section, "volunteer fire department" has the meaning set forth in IC 36-8-12-2.

(c) The legislative body of a unit, ~~or~~ the board of fire trustees of a fire protection district, **or the legislative body of the designated provider unit of a fire protection territory** may provide a cumulative building and equipment fund under IC 6-1.1-41 for the following purposes:

(1) The:

(A) purchase, construction, renovation, or addition to

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- 1 buildings; or
 2 (B) purchase of land;
 3 used by the fire department or a volunteer fire department serving
 4 the unit.
 5 (2) The purchase of firefighting equipment for use of the fire
 6 department or a volunteer fire department serving the unit,
 7 including making the required payments under a lease rental with
 8 option to purchase agreement made to acquire the equipment.
 9 (3) In a municipality, the purchase of police radio equipment.
 10 (4) The:
 11 (A) purchase, construction, renovation, or addition to a
 12 building;
 13 (B) purchase of land; or
 14 (C) purchase of equipment;
 15 for use of a provider of emergency medical services under
 16 IC 16-31-5 to the unit establishing the fund.
 17 (d) In addition to the requirements of IC 6-1.1-41, before a
 18 cumulative fund may be established by a township fire protection
 19 district, the county legislative body which appoints the trustees of the
 20 fire protection district must approve the establishment of the fund.
 21 **(e) In addition to the requirements of IC 6-1.1-41, before a**
 22 **cumulative fund may be established by the designated provider**
 23 **unit of a fire protection territory, the legislative body of all other**
 24 **units participating in the fire protection territory must approve the**
 25 **establishment of the fund.**
 26 SECTION 17. IC 36-8-14-4 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) To provide for
 28 the cumulative building and equipment fund established under this
 29 chapter, the legislative body may levy a tax on all taxable property
 30 within the taxing district in compliance with IC 6-1.1-41. The tax rate
 31 may not exceed three and thirty-three hundredths cents (\$0.0333) on
 32 each one hundred dollars (\$100) of assessed valuation of property in
 33 the taxing district.
 34 (b) As the tax is collected, it shall be deposited in a qualified public
 35 depository or depositories and held in a special fund to be known as the
 36 "building or remodeling, firefighting, and police radio equipment fund"
 37 in the case of a municipality or as the "building or remodeling and fire
 38 equipment fund" in the case of a township, ~~or~~ fire protection district, **or**
 39 **fire protection territory.**
 40 SECTION 18. IC 36-8-19-8, AS AMENDED BY P.L.240-2001,
 41 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2003]: Sec. 8. (a) Upon the adoption of identical ordinances

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under section 6 of this chapter, the designated provider unit must establish a fire protection territory fund from which all expenses of operating and maintaining the fire protection services within the territory **(other than those expenses paid from a cumulative building and equipment fund established by the fire protection territory)**, including repairs, fees, salaries, depreciation on all depreciable assets, rents, supplies, contingencies, and all other expenses lawfully incurred within the territory shall be paid. The purposes described in this subsection are the sole purposes of the fund and money in the fund may not be used for any other expenses. Except as allowed in subsections (d) and (e) and section 8.5 of this chapter, the provider unit is not authorized to transfer money out of the fund at any time.

(b) The fund consists of the following:

- (1) All receipts from the tax imposed under this section.
- (2) Any money transferred to the fund by the provider unit as authorized under subsection (d).
- (3) Any receipts from a false alarm fee or service charge imposed by the participating units under IC 36-8-13-4.

(c) The provider unit, with the assistance of each of the other participating units, shall annually budget the necessary money to meet the expenses of operation and maintenance of the fire protection services within the territory, plus a reasonable operating balance, not to exceed twenty percent (20%) of the budgeted expenses. After estimating expenses and receipts of money, the provider unit shall establish the tax levy required to fund the estimated budget. The amount budgeted under this subsection shall be considered a part of each of the participating ~~unit's budget.~~ **units' budgets.**

(d) If the amount levied in a particular year is insufficient to cover the costs incurred in providing fire protection services within the territory, the provider unit may transfer from available sources to the fire protection territory fund the money needed to cover those costs. In this case:

- (1) the levy in the following year shall be increased by the amount required to be transferred; and
- (2) the provider unit is entitled to transfer the amount described in subdivision (1) from the fund as reimbursement to the provider unit.

(e) If the amount levied in a particular year exceeds the amount necessary to cover the costs incurred in providing fire protection services within the territory, the levy in the following year shall be reduced by the amount of surplus money that is not transferred to the equipment replacement fund established under section 8.5 of this

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chapter. The amount that may be transferred to the equipment replacement fund may not exceed five percent (5%) of the levy for that fund for that year. All participating units must agree to the amount to be transferred by adoption of identical ordinances specifying the amount.

(f) The tax under this section is not subject to the tax levy limitations imposed on civil taxing units under IC 6-1.1-18.5 for any unit that is a participating unit in a fire protection territory that was established before August 1, 2001.

(g) This subsection applies to a participating unit in a fire protection territory established under ~~IC 36-8-19~~ **this chapter** after July 31, 2001. For purposes of calculating a participating unit's maximum permissible ad valorem property tax levy for the three (3) calendar years in which the participating unit levies a tax to support the territory, the unit's maximum permissible ad valorem property tax levy for the preceding calendar year under IC 6-1.1-18.5-3(a) STEP ONE or IC 6-1.1-18.5-3(b) STEP ONE is increased each year by an amount equal to the difference between the:

(1) amount the unit will have to levy for the ensuing calendar year in order to fund the unit's share of the fire protection territory budget for the operating costs as provided in the ordinance making the unit a participating unit in the fire protection territory; and

(2) unit's levy for fire protection services for the calendar year that immediately precedes the ensuing calendar year in which the participating unit levies a tax to support the territory.

SECTION 19. IC 36-8-19-8.5, AS AMENDED BY P.L.90-2002, SECTION 500, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8.5. (a) **Except for participating units that have established a cumulative building and equipment fund under IC 36-8-14-2**, participating units may agree to establish an equipment replacement fund under this section to be used to purchase fire protection equipment, including housing, that will be used to serve the entire territory. To establish the fund, the legislative bodies of all participating units must adopt identical ordinances after January 1 but before April 1 authorizing the provider unit to establish the fund. The ordinance must include at least the following:

(1) The name of each participating unit and the provider unit.

(2) An agreement to impose a uniform tax rate upon all of the taxable property within the territory for the equipment replacement fund.

(3) The contents of the agreement to establish the fund.



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1 An ordinance adopted under this section takes effect July 1 of the year
2 the ordinance is adopted.

3 (b) If a fund is established, the participating units may agree to:

4 (1) impose a property tax to provide for the accumulation of
5 money in the fund to purchase fire protection equipment;

6 (2) incur debt to purchase fire protection equipment and impose
7 a property tax to retire the loan; or

8 (3) transfer an amount from the fire protection territory fund to
9 the fire equipment replacement fund not to exceed five percent
10 (5%) of the levy for the fire protection territory fund for that year;

11 or any combination of these options. The property tax rate for the levy
12 imposed under this section may not exceed ten cents (\$0.10). Before
13 debt may be incurred, the fiscal bodies of all participating units must
14 adopt identical ordinances specifying the amount and purpose of the
15 debt. In addition, the department of local government finance must
16 approve the incurrence of the debt using the same standards as applied
17 to the incurrence of debt by civil taxing units.

18 (c) Money in the fund may be used by the provider unit only for
19 those purposes set forth in the agreement among the participating units
20 that permits the establishment of the fund.

21 SECTION 20. THE FOLLOWING ARE REPEALED [EFFECTIVE
22 JULY 1, 2003]: IC 22-12-1-23.3; IC 22-14-5-4; IC 22-14-5-5;
23 IC 22-14-5-10; IC 22-14-5-11; IC 22-14-5-13.

24 SECTION 21. P.L.340-1995, SECTION 37, IS AMENDED TO
25 READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: SECTION 37.
26 The following amounts are appropriated from the build Indiana fund
27 under SECTION 31 of this act for the following purposes:

	Year
	1995-1997
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36 Notwithstanding any other law, the budget agency shall establish a
37 fire safety equipment revolving loan account in the build Indiana fund;
38 together with a fire safety equipment revolving loan program. Money
39 in this account shall be used to make or provide for the making of no
40 interest loans to Indiana communities and fire safety service providers
41 for the purchase and lease of fire safety equipment, especially fire
42 engines and necessary or useful equipment related to fire engines and



1 fire safety.

2 In establishing this account and program, the budget agency shall
3 work with other agencies of state and federal government to take
4 maximum advantage of the foregoing appropriation. To this end,
5 money in this account may be used to match federal grants and loans.
6 No loan to a community or provider shall be made in a principal
7 amount in excess of seventy-five percent (75%) of the purchase price
8 of the fire engine or other equipment for which the loan is made. No
9 community or provider shall be obligated to repay more than fifty
10 percent (50%) of the principal amount of the loan made to the
11 community or provider. No loan may be made from this account for a
12 term exceeding five (5) years from the date the loan is made. Before a
13 community or provider borrows money from this account, it must
14 provide evidence satisfactory to the budget agency to justify the
15 community's or provider's need for the loan; its inability to receive
16 cost-effective financing elsewhere; and its ability to repay the loan
17 within the term of the loan.

18 The budget agency may not expend money from this account until
19 this program has been reviewed by the state budget committee and
20 approved by the governor. Notwithstanding any law to the contrary: (i)
21 the cost of administering this account may be paid from money in the
22 account; (ii) money in this account is appropriated continuously for the
23 purposes specified in this act; (iii) money in this account does not
24 revert to the build Indiana fund or the general fund at the end of a state
25 fiscal year; and (iv) the treasurer of state shall invest money in this
26 account not needed currently to meet the obligations of the account. On
27 or before December 1, 1995, the budget agency shall submit to the
28 budget committee draft legislation that would more permanently
29 govern this account and program.

30 If insufficient money is in the fund to provide loans to all applicants,
31 the budget agency shall give first priority to the following projects,
32 which are not listed in any order of priority:

- 33 (1) Replacement of Firefighting Gear and
34 Telecommunications needs; Greene County;
- 35 (2) Southwest Volunteer Fire Department Fire Truck;
36 Bartholomew County;
- 37 (3) Town of Mentone Emergency Medical Equipment;
38 Kosciusko County;
- 39 (4) Firetruck with Aerial Firefighting Platform;
40 Jackson County;
- 41 (5) Fire Equipment for Town of Vevay;
42 Switzerland County.



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- (6) Fire Equipment for Town of Little York,
Washington County.
- (7) City of North Vernon Firetruck with
Aerial Platform; Jennings County.
- (8) Fire Truck Henry Township Volunteer
Fire Department; Fulton County.
- (9) LaOtto Volunteer Fire Department; Noble County.
- (10) Swayzee Volunteer Fire Department; Grant County.
- (11) Orange Twp Fire Department 1st Respond Vehicle;
Rome City; Noble County.
- (12) Town of Dayton; Tippecanoe County.
- (13) Town of Milan; Ripley County.
- (14) St. Paul Fire Truck; Decatur County.
- (15) Clay Township Firetruck; Vigo County.
- (16) Aboite Township Emergency Equipment; Allen County.
- (17) Washington Township Emergency Equipment; Allen County.
- (18) Lake Township Emergency Equipment; Allen County.
- (19) Mexico County Fire Association Truck; Miami County.
- (20) Elberfeld Fire Equipment; Warrick County.

FOR THE BUDGET AGENCY

COMMUNITY WASTEWATER

GRANTS AND LOANS

Total Operating

Expenses for

the Biennium

18,200,000

The foregoing appropriation shall be transferred from the balance of the appropriations made to the Indiana department of environmental management by P.L.357-1989(ss), in the amount of nine million two hundred thousand dollars (\$9,200,000), and P.L.240-1991(ss2), in the amount of eleven million dollars (\$11,000,000), for the revolving loan program established by IC 4-23-21-5 and jointly administered by the budget agency and the department of environmental management. The foregoing appropriation shall be deposited in the fund established by IC 4-23-21-15 (supplemental wastewater assistance fund) and used in accordance with IC 4-23-21-15 through IC 4-23-21-18.

COMMUNITY WASTEWATER AND

DRINKING WATER GRANTS

10,000,000

The foregoing appropriation from the build Indiana fund shall be deposited in the fund established by IC 4-23-21-15 (supplemental wastewater assistance fund) or an account established therein and used solely to make grants (not loans) as provided in IC 4-23-21-15 through IC 4-23-21-18.



The foregoing appropriations shall be administered by the budget agency to take maximum advantage of other state and federal wastewater and drinking water financing programs, including the state wastewater revolving loan (SRF) fund program. In making the foregoing appropriations, it is the intent of the general assembly to effectively reduce the costs, including financing costs, of wastewater and drinking water projects and, as a result, reduce rates and charges payable by Indiana ratepayers and taxpayers. It is the further intent of the general assembly that the foregoing appropriation for community wastewater and drinking water grants be targeted to serve small Indiana communities whose median household incomes are not more than eighty percent (80%) of the state nonmetropolitan household income.

If insufficient money is in the fund to provide loans to all applicants, the budget agency shall give first priority to the following projects, which are not listed in any order of priority:

- (1) Middlebury Water Main.
- (2) Water/Sewer Extension, Huntington County.
- (3) Lake of the Woods Sewer Project, Marshall County.
- (4) U.S. 30 Corridor Water Line, Whitley County.
- (5) Extension of Sanitary Sewer, Water and Electric Utilities, Town of Ferdinand.
- (6) Construction of Water Storage Tank, Town of Hagerstown, Wayne County.
- (7) Water System Improvement Project, Town of Dublin, Wayne County.
- (8) Town of Poneto Municipal Sewage Project, Wells County.
- (9) Town of Bristol Storm Sewer Project.
- (10) Orchard Lane Sewer Project, White County.
- (11) City of Hobart Sanitary Sewer Tie-in Project, Lake County.
- (12) Independence Hill Conservancy District, Lake County.
- (13) Town of Griffith Sewer Repair/Replacement Lake County.
- (14) Western Rush County Water and Sewer Project, Rush County.
- (15) U.S. 42 Sanitary Sewer Extension, Town of Shelburn.
- (16) Montpelier Sewage Project, Blackford County.
- (17) Hartford City Sewage Project, Blackford County.
- (18) Island Rehab. Project, Kosciusko County.



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1 SECTION 22. [EFFECTIVE JULY 1, 2003] (a) Notwithstanding
 2 P.L.340-1995, SECTION 37, before its amendment by this act, or
 3 any other law, the obligation of a community or provider to pay the
 4 remaining balance due on the principal plus interest of a loan
 5 under the fire safety equipment revolving loan account is released
 6 July 1, 2003.

7 (b) The amount of the remaining balance due on the principal
 8 plus interest of a loan described in subsection (a) on July 1, 2003,
 9 shall be deducted from the total grant amount allowed the
 10 community or provider that is a qualified entity under
 11 IC 22-12-1-18.7, as amended by this act, within a four (4) year
 12 period beginning July 1, 2003, under IC 22-14-5-9(3), as amended
 13 by this act.

14 SECTION 23. [EFFECTIVE JULY 1, 2003] (a) Notwithstanding
 15 IC 22-14-5, before its amendment by this act, the obligation of a
 16 qualified entity to pay the remaining balance due on the principal
 17 plus interest of a loan under the firefighting and emergency
 18 equipment revolving loan fund established by IC 22-14-5-1, before
 19 its amendment by this act, is released July 1, 2003.

20 (b) The amount of the remaining balance due on the principal
 21 plus interest of a loan described in subsection (a) on July 1, 2003,
 22 shall be deducted from the total grant amount allowed the qualified
 23 entity within a four (4) year period beginning July 1, 2003, under
 24 IC 22-14-5-9(3), as amended by this act.

25 SECTION 24. [EFFECTIVE JULY 1, 2003] (a) Funds remaining
 26 in the firefighting and emergency equipment revolving loan fund
 27 established by IC 22-14-5-1, before its amendment by this act, shall
 28 on July 1, 2003, be transferred to the firefighting and emergency
 29 equipment grant fund established by IC 22-14-5-1, as amended by
 30 this act.

31 (b) This SECTION expires July 1, 2004.

32 SECTION 25. [EFFECTIVE JULY 1, 2003] (a) As used in this
 33 SECTION, "grant fund" refers to the firefighting and emergency
 34 equipment grant fund established by IC 22-14-5-1, as amended by
 35 this act.

36 (b) As used in this SECTION, "office" refers to the office of the
 37 state fire marshal established by IC 22-14-2-1.

38 (c) As used in this SECTION, "revolving loan fund" refers to
 39 the firefighting and emergency equipment revolving loan fund
 40 established by IC 22-14-5-1, before its amendment by this act.

41 (d) The office shall follow the rules and criteria for making
 42 loans from the revolving loan fund, adopted by the office under

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1 IC 22-14-5, before its amendment by this act, in making grants
 2 from the grant fund to the extent the rules and criteria are
 3 applicable to the making of grants from the grant fund and comply
 4 with the requirements of this act.

5 (e) Before July 1, 2004, the office shall adopt rules and criteria
 6 for making grants from the grant fund.

7 (f) This SECTION expires January 1, 2005.

8 SECTION 26. [EFFECTIVE JULY 1, 2003] (a) A loan application
 9 submitted by a community or provider to the budget agency before
 10 July 1, 2003, for a loan from the fire safety equipment revolving
 11 loan account that was not approved or denied by the budget agency
 12 shall be forwarded to the office of the state fire marshal and is
 13 considered a grant application for a grant from the firefighting and
 14 emergency equipment grant fund established by IC 22-14-5-1, as
 15 amended by this act.

16 (b) A loan application submitted by a qualified entity to the
 17 office of the state fire marshal before July 1, 2003, for a loan from
 18 the firefighting and emergency equipment revolving loan fund is
 19 considered a grant application for a grant from the firefighting and
 20 emergency equipment grant fund established by IC 22-14-5-1, as
 21 amended by this act.

22 (c) This SECTION expires January 1, 2004.

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